KNOWLEDGE – International Journal
Vol. 28.5
December, 2018

THE FUTURE OF CORPORATE REPORTING: REFLECTIONS ON THE CRITICAL QUESTION OF THE NECESSITY OF FORWARD-THINKING PHILOSOPHY AND CULTURE OF REPORTING WORLDWIDE

Hristina Oreshkova
University of National and World Economy, Sofia, Bulgaria, hristina_oreshkova@abv.bg

Abstract: Over the most recent decades corporate reporting has proved to be essential to achieving the strategic goals of humankinds and the ever-increasing necessity of truthful information and transparency. Corporate reporting is a socially significant process and practice. The quality of corporate reporting reflects the degree of relevance of the manner enterprises and businesses communicate with the surrounding world and environment (natural or industrial) and millions of people concerned – societies, present and future generations, employees, workers, and many other people, and other living beings. On most authoritative international scientific forums – symposia, conferences, congresses, assemblies, summit meetings and events, conducted in Europe and worldwide, it is pompously declared that corporate reporting should provide useful and reliable information both financial and non-financial one. The responsibilities of accountability and stewardship seem out to be of great importance to the fulfillment of the strategic goals of our centuries.

The belief of the author is that the simultaneous analysis of the global problems challenging humankinds such as climate changes, destruction of biological diversity on the Planet, the matter of the necessity of actions of creating Green Ethics and Green Economy worldwide, the increasing need for combined and well-coordinated efforts in the combat supporting the eradication of poverty globally, and the relevance of corporate reporting to solving these unique problems the mankind is facing, would highlight and confirm their intricate interrelation (the key aim of the present research), consequently rendering the debate on the future of corporate reporting more meaningful and constructive. The debate would most probably promote the standpoint we personally maintain, which is also endorsed by an increasing number of supporters in Europe and around the world, implying in particular that apart from a process of unification and reduction of essential differences in the international financial reporting, what is also necessary is the radical change in the philosophy and culture of corporate reporting and presentation. Undeniably, it includes revealing of the financial state and the substantial effects and impacts of the businesses operating activities in a straightforward manner, as complete insights and understanding of the broader and far-reaching goals to which the corporate reporting must be subordinated – at present and in the long-lasting future.

Keywords: climate changes, corporate reporting, responsibility, transparency, managerial discretion, financial and non-financial reporting, forward-thinking philosophy and culture of reporting and presenting;

1. INTRODUCTION: THE CHALLENGES OF OUR CENTURY AND MILLENIUM AND THE NECESSITY OF SUSTAINABLE DEVELOPMENT

The 2030 Agenda for Sustainable Development, adopted in 2015 by all the Member States of the United Nations (UN), provides a shared blueprint for peace and prosperity for people and Planet. The 17 Goals of Sustainable Development (SDGs), underlying its humanistic doctrines, are built on decades of hard work by countries and the United Nations (UN), including the UN Department of Economic and Social Affairs. The SDGs are an urgent call for action by all countries, developed and developing ones, and their representatives, in a global partnership. In the justification of these goals it is recognized that ending poverty and other deprivations must go along with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

At the Summit in Durban, South Africa, 28th November – 9th December 2011, a message was put across to the world – the climate changes and the destruction of biological diversity of the Planet lead to the interruption of natural chains among living organisms. When the Planet loses an animal or plant species, the chain of life and the natural history undergoes changes. This is an impingement on the freedom of nature and a fundamental threat for survival of mankind. Scientists and environmentalists have been sounding the alarm for decades now that the prevailing mode of production, imposed by the economic globalization and merging of business entities, targeted at monopolizing highly profitable economic activities, has a strongly detrimental effect on the ecosystems on the Planet. However, ecological limits exist, and if the model is not changed globally, the likelihood (risk) of that these processes to

become irreversible considerably increase. Nowadays, the assessments of the results accomplished in Durban are quite controversial and even extreme[1] [2].

At the Conference of the United Nations (UN) on Sustainable Development in Rio de Janeiro, June 20th -22nd 2012, also called "Rio+20", held two decades after the First Summit on the Earth in 1992[3], the discussions were dedicated mainly to the "Green Economy" in the contextual background of sustainable development and eradication of poverty, and the Institutional framework for sustainable development. Along with these proceedings there was held a Summit of the peoples, in which social movements participated.

At the Conference "Rio+20", held in Rio de Janeiro, June 2012, UN Member States adopted the outcome document "The Future We Want" and decided, inter alia, to launch a process to develop a set of SDGs, and build upon the MDGs, and to establish the UN High-level Political Forum on Sustainable Development. The "Rio+20" outcome also contained other measures for implementing sustainable development, including mandates for future programmes of work in development financing, small island developing states and more.

In September 2000, at UN Headquarters, in New York, UN Member States unanimously adopted the Millennium Declaration at the Millennium Summit. The Summit led to the elaboration of eight Millennium Development Goals (MDGs) to reduce extreme poverty by 2015.

The Johannesburg Declaration on Sustainable Development and the Plan of Implementation, adopted at the World Summit on Sustainable Development in South Africa (2002), reaffirmed the commitments of the global community to eradication of poverty and the environment, was built on Agenda 21 and the Millennium Declaration by including more emphasis on multilateral partnerships.

In 2013, the General Assembly set up a 30-member Open Working Group to develop a proposal on the SDGs. In January 2015, the General Assembly began the negotiation process on the post-2015 development agenda. The process culminated in the subsequent adoption of the 2030 Agenda for Sustainable Development, with 17 SDGs at its core, at the UN Sustainable Development Summit in September 2015.

2015 was a landmark year for multilateralism and international policy shaping, with the adoption of several major agreements: Sendai Framework for Disaster Risk Reduction (March 2015), Addis Ababa Action Agenda on Financing for Development (July 2015) Transforming our world: the 2030 Agenda for Sustainable Development with its 17 SDGs, was adopted at the UN Sustainable Development Summit in New York in September 2015. Paris Agreement on Climate Change (December 2015). Now, the annual High-level Political Forum on Sustainable Development serves as the central UN platform for the follow-up and review of the SDGs.

Today, the Division for Sustainable Development Goals (DSDG) in the United Nations Department of Economic and Social Affairs (UNDESA) provides fundamental support and capacity-building for the SDGs and their related thematic issues, including water, energy, climate, oceans, urbanization, transport, science and technology, the Global Sustainable Development Report (GSDR), partnerships and Small Island Developing States. DSDG plays a key role in the evaluation of UN system wide implementation of the 2030 Agenda and on advocacy and outreach activities relating to the SDGs. In order to make the 2030 Agenda a reality, broad ownership of the SDGs must translate into a strong commitment by all stakeholders to implement the global goals. DSDG aims to help facilitate this engagement.

At the opening session of the African Ministerial Summit on Biodiversity in Sharm El Sheikh, Egypt, on 13th November 2018, the Executive Secretary of the United Nations on Climate Changes, Patricia Espinosa, emphasized that African governments need support to take action to address climate change and the loss of biodiversity, and highlighted the importance of finalizing the Paris Agreement Work Program at COP24 on the road towards achieving these strategic goals.[4]

Presently, the world is expecting the Conference on Climate Change that will take place in Katowice in the period from 4th to 7th December 2018. Regarding the forthcoming global event, Patricia Espinosa indicated that: "The world wants us to achieve results at COP24." It won't be exaggerated if it is specified that over the most recent decades

[1] Durban Climate Change Conference – November/December 2011, details at http://unfccc.int/meetings/durba.

[2] See also United Nations Framework Convention on Climate Change (UNFCCC).

[3] In June 1992, at the Earth Summit in Rio de Janeiro, Brazil, more than 178 countries adopted Agenda 21, a comprehensive plan of action to build a global partnership for sustainable development in order to improve human lives and protect the environment.

[4] Patricia Espinosa underlined: "Few other places on earth suffer the devastating impacts of climate change and biodiversity loss like the continent of Africa." Ms. Espinosa also pointed out that "few other places on earth are better placed to take a leadership role, particularly in the area of nature-based solutions to the crises brought about by biodiversity loss and unchecked climate change." [https://unfccc.int/news/espinosa-africa-needs-support-to-protect-biodiversity-and-climate]

numerous conferences on climate change were organized and conducted [a list of most authoritative Conference events dedicated to Climate Change can be found in the Literature].

In "The New European Consensus on Development 'Our World, Our Dignity, Our Future', 'Joint Statement by the Council and the Representatives of the Governments of the Member States Meeting Within the Council, the European Parliament and the European Commission' it is highlighted that:

"Human well-being and resilient societies depend on a healthy environment and functioning ecosystems. Environmental degradation, climate change, extreme weather, and natural or man-made disasters can offset development gains and economic progress, especially for the poor. This can increase vulnerabilities and needs, jeopardise peace and stability and cause large-scale migration. In addition to dedicated actions, environmental considerations need to be integrated across all sectors of development cooperation, including through preventive action. The EU and its Member States will promote resource efficiency and sustainable consumption and production, including the sustainable management of chemicals and waste, with a view to decoupling economic growth from environmental degradation and enabling the transition to a circular economy. A responsible private sector and the systematic application of the 'polluter pays' principle will also be critical to success. They will help to build capacity to mainstream environmental sustainability, climate change objectives and the pursuit of the green growth into national and local development strategies. They will also make better use of science, technology and innovation to promote environmental sustainability, and will promote the use by partners of the comprehensive data and information available through European and international Earth observation programmes to support evidence-based decisions that take into account the state of the environment. [2.2. 'Planet - Protecting the Environment, Managing Natural Resources and Tackling Climate Change']

The law of the European Union and the European Union regulation require certain large companies to provide information in order to reveal the way such companies function and manage environmental, social and other challenges, and it should be added that it must be done in a transparent manner.[5] The underlying conceptual opinion is the non-financial performance of large companies to be evaluated by all stakeholders (present and potential investors, present and potential consumers and many others) and particularly an extremely responsible approach to the operating activities of the business to be encouraged.

The rules on disclosure of non-financial and diversity information by certain large companies are contained in Directive 2014/95/EU that amends Directive 2013/34/EU. In accordance with Directive 2014/95/EU certain companies are required to include non-financial statements in their annual reports from 2018 onwards. Under the Directive (2014/95/EU) certain large companies have to publish reports on the policies they implement regarding protection of environment, social responsibility and treatment of employees respect for human rights, anti-corruption and bribery issues, diversity on company's boards, in terms of age, gender, educational and professional background.

The Directive 2014/95/EU provides significant flexibility for companies to disclose relevant information in the manner that they consider the most useful one, since the companies may use international, European or national guidelines to produce non-financial information for their relevant statements. For example, companies can rely on the guidelines of the United Nations (UN) Global Compact, on the guidelines of the Organisation for Economic Co-

[5] The European Union rules on non-financial reporting concern large public-interest companies with more than 500 employees that regard 6,000 (approximately) companies and groups across the European Union, including listed companies (whose shares are quoted on a stock exchange for public trading), banks, insurance companies and other companies designated by national authorities as public-interest entities. For example, in accordance with Additional provisions to the Bulgarian Act on Accounting, Article 22: Undertakings of public interest are: (a) undertakings whose transferable securities are admitted to trading on a regulated market in a Member State of the European Union; (b) credit institutions; (c) insurers and reinsurers; (d) the pension insurance companies and the funds managed by them; (e) investment firms which are large undertakings under the Act on Accounting; (f) collective investment schemes and management companies within the meaning of the Law on the Activity of Collective Investment Schemes and other undertakings for collective investment which are large undertakings under this Act; g) financial institutions within the meaning of the Law on Credit Institutions, which are large enterprises under this Act; h) Holding Bulgarian State Railways – EAD, and its subsidiaries; National Railway Infrastructure Company; (i) commercial companies whose principal activity is to produce and / or to transfer and / or sell electricity and / or heat and which are large undertakings under this Act; (k) commercial companies whose main business is to import and / or transport, and / or distribute and / or transit natural gas and which are large undertakings under the Act; (l) (Amended, SG No. 95/1916) Water and sewerage operators within the meaning of Art. 2, Para 1 of the Law for regulation of the water supply and sewerage services, which are medium and large enterprises; In accordance with the Bulgarian act on Accounting, Additional provisions, 23. (Amendment, SG 15/2018, in force as of 16.02.2018) "Regulated Market" is the one within the meaning of Article 152 (1) of the Markets in Financial Instruments Act.

operation and Development (OECD) for multinational enterprises, the International Standard (ISO) 26000: Social responsibility[6].

The Commission of the European Union published (27th June 2017) guidelines[7] (which are not mandatory) to support companies in their activities of disclosing environmental and social information, and companies may decide to use international, based on the European Union regulatory framework or national guidelines, depending on the individual characteristics or business environment.

The environment underlies each of those 17 goals adopted (2015) by the international community as part of the new global agenda on sustainable development – from eliminating hunger to reducing inequalities to building sustainable communities worldwide. United Nations (UN) is committed to work with all parties concerned to support the achievement of the 17 UN Sustainable Development Goals (SDGs).

2. UNITED NATIONS GOALS REGARDING SUSTAINABLE DEVELOPMENT (SDGs)[8]

Goal 1: End poverty in all its forms everywhere

Climate change and exposure to natural disasters threaten to disrupt the efforts directed at eradication of poverty. A great majority of the poorest and most vulnerable citizens live in countries disposed to disaster and the tendency is that their number is increasing. Those groups are disproportionally affected by shocks and stresses. As the temperatures rise, the likelihood of disasters due to climate-related reasons and the severity of such unfavorable events increase affecting lives and livelihoods, obstructing the efforts and reversing advances made in reduction of poverty.

Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Nature provides sources of food and a series of ecosystem services that support agricultural activities and contribute to nutrition. Climate change and natural disasters such as droughts, landslides and floods can greatly affect food security. Increasing population worldwide and the expected changes in the patterns of consumption generate pressure on the environment creating the need to produce food for an additional two billion people by 2030, while preserving and enhancing the natural resource base upon which the well-being of present and future generations depends. Disaster risk management, climate change adaptation and mitigation are keys to increase harvests quality and quantity. Unsustainable expansion of agriculture has created environmental problems such as soil erosion, water pollution through agrochemicals, and emission of greenhouse gases.

Goal 3: Ensure healthy lives and promote well-being for all at all ages

A clean environment is essential for human health and well-being. Air and water pollution as well as poor management of hazardous chemicals and waste contribute to undermine health. Natural disasters and environmental shocks can have substantial impact on health and other indirect effects with damage to health facilities and disruption to the delivery of health services over extended periods of time.

Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Natural disasters greatly affect the education sector by destroying key infrastructures, disrupting the education cycles and forcing children to drop out of school for extended period of time. At the same time education is a powerful tool to build societies' resilience. Formal and informal education, including, public awareness and training are critical for promoting sustainable development and improving the capacity of the people and countries to address environmental and development issues and to create green and decent jobs and industries.

Goal 5: Achieve equality in respect of human rights and empower all women and girls

Understanding the relations between gender inequality and environmental degradation, and taking responsive actions can accelerate positive dynamics and promote sustainable development outcomes. Enhancing property rights

[6] Published in 2010, International Standard (ISO) 26000: *Social responsibility* is intended for use by organizations of all types and sizes, in all spheres, in order to assist them in their efforts to operate in a socially responsible manner and provides harmonized, globally relevant guidance on significant questions as: concepts, terms and definitions related to social responsibility; background, trends and characteristics of social responsibility; principles and practices relating to social responsibility; core subjects and issues of social responsibility; integrating, implementing and promoting socially responsible behaviour throughout the organization and, through its policies and practices, within its sphere of influence; identifying and engaging with stakeholders; communicating commitments, performance and other related information.

[7] The document is prepared pursuant to the Article 2 of Directive 2014/95/EU and does not constitute a technical standard. The objective is to support companies to disclose non-financial information in a relevant, useful, consistent and more comparable manner. The Communication provides non-binding guidelines, and does not create new legal obligations. To the extent that the Communication may interpret Directive 2014/95/EU, the position of the Commission of the EU is without prejudice to any interpretation of the Directive that may be issued by the Court of Justice of the European Union. Companies using these guidelines may also rely on international, European Union-based or national frameworks.

[8] https://www.unenvironment.org/explore-topics/sustainable-development-goals/why-do-sustainable-development-goals-matter/

and access to land and natural resources to women can contribute to reduce gender inequalities, improve their livelihood options and poverty status.

Goal 6: Clean water and sanitation

The management of resources of water and the access to safe water and sanitation are essential for unlocking economic growth and productivity, and provide significant leverage for existing investments in health and education. The natural environment e.g. forests, soils and wetlands contributes to management and regulation of water availability and water quality, strengthening the resilience of watersheds and complementing investments in physical infrastructure and institutional and regulatory arrangements for water access, use and disaster preparedness. Water shortages undercut food security and the incomes of rural farmers while improving water management makes national economies, the agriculture and food sectors more resilient to rainfall variability and able to fulfil the needs of growing population. Protecting and restoring water-related ecosystems and their biodiversity can ensure water purification and water quality standards.[9]

Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all

Lack of access to energy supplies and transformation systems is a constraint to human and economic development. The environment provides a series of renewable and non-renewable energy sources i.e. solar, wind, hydropower, geothermal, biofuels, natural gas, coal, petroleum, uranium. Increased use of fossil fuels without actions to mitigate greenhouse gases will have global climate change implications. Energy efficiency and increase use of renewables contribute to climate change mitigation and disaster risk reduction. Maintaining and protecting ecosystems allow using and further developing hydropower sources of electricity and bioenergy.[10]

Goal 8: Decent work and economic growth

Preserving the environment is a key to support sustainable economic growth as the natural environment plays an important role in supporting economic activities. It contributes directly, by providing resources and raw materials such as water, timber and minerals that are required as inputs for the production of goods and services; and indirectly, through services provided by ecosystems including carbon sequestration, water purification, managing flood risks, and nutrient cycling. Natural disasters directly affect economic activities leading to very high economic losses throwing many households into poverty. Maintaining ecosystems and mitigating climate change can therefore have a great positive impact on countries` economic and employment sectors

Goal 9: Industry, innovation and infrastructure

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Constructing new greener infrastructures, retrofitting or reconfiguring existing infrastructure systems and exploiting the potential of smart technologies can greatly contribute to the reduction of environmental impacts and disaster risks as well as the construction of resilience and the increase of efficiency in the use of natural resources.[11]

Goal 10: Reduced inequalities

By disproportionately affecting the poorest and most vulnerable groups, climate change and natural disasters contribute to exacerbate existing inequalities within and across countries. On the other hand, environment can contribute to the reduction of inequity, including through sound management of natural resources and critical ecosystems, as well as supporting institutional arrangements regarding the use and access to natural resources. Lack of access to natural resources on the other hand is a major contributor to inequality.

Goal 11: Sustainable cities and communities

There is a strong link between the quality of life in cities and how cities draw on and manage the natural resources available to them. To date, the trend towards urbanization has been accompanied by increased pressure on the

[9] More than 80 per cent of wastewater resulting from human activities is discharged into rivers or sea without any pollution removal. Hydropower is the most important and widely-used renewable source of energy and as of 2011, represented 16 per cent of total electricity production worldwide. Floods and other water-related disasters account for 70 per cent of all deaths related to natural disasters. Over 1.4 billion people currently live in river basins where the use of water exceeds minimum recharge levels. In 60% of European cities with more than 100 000 people, groundwater is being used at a faster rate than it can be replenished. Meat production requires 8-10 times more water than cereal production. Part of the current pressure on water resources comes from increasing demands for animal feed.

[10] 3 billion people rely on wood, coal, charcoal or animal waste for cooking and heating. Energy is the dominant contributor to climate change, accounting for around 60 per cent of total global greenhouse gas emissions. Since 1990, global emissions of CO2 have increased by more than 46 per cent. Hydropower is the largest single renewable electricity source today, providing 16% of world electricity at competitive prices. It dominates the electricity mix in several countries, developed, emerging or developing. Bioenergy is the single largest renewable energy source today, providing 10% of world primary energy supply.

[11] In countries where data are available, the number of people employed in renewable energy sectors is presently around 2.3 million. Given the present gaps in information, this is no doubt a very conservative figure. Because of strong rising interest in energy alternatives, the possible total employment for renewables by 2030 is 20 million jobs.

environment and accelerated demand for basic services, infrastructure, jobs, land, and affordable housing, particularly for the nearly 1 billion urban poor who live in informal settlements.

Due to their high concentration of people, infrastructures, housing and economic activities, cities are particularly vulnerable to climate change and natural disasters impacts. Building urban resilience is crucial to avoid human, social and economic losses while improving the sustainability of urbanization processes is needed to protect the environment and mitigate disaster risk and climate change.

Resource efficient cities combine greater productivity and innovation with lower costs and reduced environmental impacts, while providing increased opportunities for consumer choices and sustainable lifestyles.

Goal 12: Sustainable consumption and production[12]

One of the greatest challenges is to integrate environmental sustainability with economic growth and welfare by decoupling environmental degradation from economic growth and doing more with less. Resource decoupling and impact decoupling are needed to promote sustainable consumption and production patterns and to make the transition towards a greener and more socially inclusive global economy.

To ensure sustainable consumption and production practices necessarily entails to respect the biophysical boundaries of the planet and to reduce current global consumption rates in order to fit with the biophysical capacity to produce ecosystem services and benefits.

Goal 13: Climate action

Climate change is increasing the frequency and intensity of extreme weather events such as heat waves, droughts, floods and tropical cyclones, aggravating water management problems, reducing agricultural production and food security, increasing health risks, damaging critical infrastructure and interrupting the provision of basic services such water and sanitation, education, energy and transport.

Goal 14: Life below water

The oceans cover more than 70 per cent of the surface of our planet and play a key role in supporting life on earth. They are the most diverse and important ecosystem, contributing to global and regional elemental cycling, and regulating the climate. The ocean provides natural resources including food, materials, substances, and energy.

Marine Protected Areas contribute to poverty reduction by increasing fish catches and income, creating new jobs, improving health, and empowering women. Increasing levels of debris in the world's seas and oceans is having a major and growing economic impact.

Goal 15: Life on land

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Terrestrial ecosystems provide a series of goods, raw materials for construction and energy, food and a series of ecosystem services including the capture of carbon, maintenance of soil quality, provision of habitat for biodiversity, maintenance of water quality, as well as regulation of water flow and erosion control, therefore contributing to reduce the risks of natural disasters such as floods and landslides, regulate climate and maintain the productivity of agricultural systems. Maintaining those ecosystems greatly support climate change mitigation and adaptation efforts.

Goal 16: Peace, justice and strong institutions

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Strengthened institutions, rule of law and enforcement contribute to support the implementation of multi-lateral environmental agreements and progress towards internationally agreed global environmental goals.

A better understanding of the links between environment and human security is vital for effective conflict prevention, post-conflict reconstruction and promotion of peaceful and inclusive societies.

In the past 60 years, 40 per cent of conflicts have been tied to natural resources and these are twice as likely to relapse into conflict within the first five years.

Goal 17: Partnerships for the goals

Stronger partnerships will contribute to environmental protection and sustainable development by mobilizing resources, sharing knowledge, promoting the creation and transfer of environmentally sound technologies, and building capacity.

[12] Each year, an estimated one third of all food produced – equivalent to 1.3 billion tones worth around $1 trillion – ends up rotting in the bins of consumers and retailers, or spoiling due to poor transportation and harvesting practices. If people worldwide switched to energy efficient lightbulbs the world would save US$120 billion annually. Should the global population reach 9.6 billion by 2050, the equivalent of almost three planets could be required to provide the natural resources needed to sustain current lifestyles.

There is tremendous scope for making the existing financial system more sustainable by integrating the environment dimension.

Growing cooperation among multilateral organizations, donors and private sector is needed to provide developing countries and beneficiaries with technologies that increase efficiency the use of natural resources, generate low waste, treat the generated pollution and mitigate climate change.

3. THE FOUR CORE PRINCIPLES OF THE UNITED NATIONS ON ENVIRONMENT[13]

The Four core principles underlying the approach of the United Nations on Environment to the Agenda 2030 comprise:

The principle of universality

Universally applicable and global in nature, the 2030 Agenda takes into account the dissimilarities of different national realities, the dissimilar levels of development and respect concerning national (domestic) and local priorities and policies. It will require a collective and united response with countries developing their own pathways to national targets, and strengthened governance practice and institutions.

The principle of integration

The 2030 Agenda moves beyond acting as if sustainable development is about three disconnected pillars. Approaches must balance and integrate social, environmental and economic dimensions, also looking at governance, and interconnect the areas.

The principle of human rights and equity: Inequalities are not just determined by economics is the main postulation

To achieve basic levels of goods and services for all; better redistribution of wealth and resources (both within and between countries); and equitable access to opportunities, information and rule of law, new approaches that build capacities at all level of society are needed.

The principle of innovation

Formal science, traditional knowledge and citizen common sense, new and innovative pathways are needed to allow countries to leap forward. The acceleration and transfer of technological innovations is a common concern.

In 2018, United Nations Environment and partners developed Goodlife Goals, a set of personal actions that people around the world can take to support the Sustainable Development Goals (SDGs). They are inquires for individuals concerning lifestyle aligned with the SDGs' 169 targets and indicators.

4. STATISTICS ON CLIMATE CHANGE[14]

On 1st December 2018 on the global issue of climate change, signatories to the Paris Agreement, who have also joined last year's Hamburg Action Plan, confirmed that the Paris Agreement is irreversible and committed to its full implementation, reflecting common but differentiated responsibilities and respective capabilities in the light of national circumstances that differentiate. Signatories reaffirmed their commitment to continue to tackle climate change, while promoting sustainable development and economic growth.[15] The focus of the present year's Summit Meeting was 'Building consensus for fair and sustainable development'. Along with the official representatives of the European Union, leaders from 19 countries – Argentina, Australia, Brazil, Canada, China, Germany, France, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United Kingdom and the United States, assembled to mark the 10-year anniversary of the G20 discussing essential topics on the global agenda amongst which undoubtedly is the climate change ongoing.

AN OVERVIEW OF SIGNIFICANT FACTS AND FIGURES

- From 1880 to 2012 average global temperature has increased by 0.85°C;
- Oceans have warmed, the amounts of snow and ice have diminished and sea level has risen;
- From 1901 to 2010 the global average sea level rose by 19 cm as oceans expanded;
- The Arctic's sea ice extent has shrunk in every successive decade since 1979;
- Global emissions of carbon dioxide (CO2) have increased by almost 50 per cent since 1990;
- Emissions grew more quickly between 2000 and 2010 than in each of the three previous decades;
- From 1880 to 2012, average global temperature increased by 0.85°C;
- Oceans have warmed, the amounts of snow and ice have diminished and sea level has risen;

[13] https://www.unenvironment.org/explore-topics/sustainable-development-goals/why-do-sustainable-development-goals-matter/
[14] United Nations (UN) Environment Programme Goal 13: Climate action.
[15] The President of the European Commission, Jean-Claude Juncker, and the President of the European Council, Donald Tusk, represented the European Union at the present year's G20 Summit Meeting under the Presidency of Argentina, on 1st December 2018 in Buenos Aires, Argentina.

- From 1901 to 2010, the global average sea level rose by 19 cm as oceans expanded;
- The Arctic's sea ice extent has shrunk in every successive decade since 1979;
- Global emissions of carbon dioxide (CO2) have increased by almost 50 per cent since 1990;
- Emissions grew more quickly between 2000 and 2010 than in each of the three previous decades.

5. THE CHALLENGES OF OUR CENTURY AND THE EVER-INCREASING NECESSITY OF TRANSPARENT AND TRUTHFUL NON-FINANCIAL INFORMATION

The changes in the climate generate problems, some of which are human and demographic, whereas others are economic and social in nature with important managerial, accounting and financial reporting aspects. What is embarrassing is the speed at which the changes occur as well as the lack of experience. The solution of these problems is not within the power of even the most influential institution or the most powerful organization or state. Mankind must ponder over whether it is not too late for reassessing its priorities. The dynamics in the development of the processes indicates that the elaboration and adoption of a new strategy for the future (sanctioned by the competent authorities of the respective states) is mandatory and urgent. Natural phenomena and events in society and economy serve to remind us that a course is necessary to be taken in the direction of a radical change in the process of extracting and acquiring as well as of expending goods and resources and of creating new value and wealth. The approach must be interdisciplinary and supported not only by political will, but also by a general (uniform) commitment. States, governments, jurisdictions, organizations of independent scientists, world and international legal, regulatory, supervisory and other institutions with prerogatives in different areas of social life, non-governmental organizations, academic communities and others should use all their knowledge, resources and accumulated experience and should coordinate efforts, activities and mechanisms for exerting influence on the combat against climate changes.

Moderately optimistic assumptions could be made that the climate changes will drive the world towards a technological leap and will remain a challenge which will most probably bring about innovations and improvements in technologies and in the characteristics of the basic resources. In our opinion, a great deal of crucial issues arises from a scientific and practical viewpoint (technological, legal, ecological, socio-economic, accounting and financial reporting, fiscal, etc.). Among the issues significant for society, economy and for the accounting system of the enterprise as well as for the state in the context of a lasting recession intensified by the unfavorable effects of climate and other exterior influences are:

- To what extent the resources (assets), used in activities and productions, situated on various territories and/or along geographical latitudes, are capable of resisting the ever-growing aggressive phenomena and impacts occurring with the changes in the physical and geographical conditions of the environment;
- Do risks arise, which have not been investigated so far, and if so, of what kind are they, and if the manifestation of such risks today goes unnoticed or is still only slightly probable, can their emergence be anticipated in future;
- Which resources, activities and productions become carriers of higher risks under the influence of outside factors of the environment and are the methodology and methods of making an expert assessment and its expatiation reliable – is it necessary to implement corrective measures and to make adjustments; are the supervision and control efficient and effective;
- How is the process of depreciation controlled, especially regarding assets subjected to a higher degree of aggressive influences of the environment; are the terms of technical life-span and good operation mode sound and reasonable; are the terms of useful life determined by the entity for accounting and financial reporting purposes sound and reasonable – these terms have to be economically substantiated from the standpoint of the enterprise, rather than being influenced mainly by the fiscal ones (which is the prevailing practice in Bulgaria) or by the technically prescribed, which is less likely;
- Are the assets maintained efficiently and effectively, including the riskier ones, such as the too obsolete and outdated assets which are still in practical use (a typically Bulgarian problem) and to what extent the harmful emissions deviate from the normally permissible ones and whether the negative effect is intensified under the influence of climate changes (and vice versa);
- Is the methodology of measuring the impact of an enterprise's activity on the environmental components reliable and to what extent is the assessment precise (authentic);
- How is the independence of the competent authorities determining the assessment guaranteed; can it be influenced by political pressure or lobbyism serving economic interests and concealing detrimental non-economic effects of economic activity;

- Is effective and efficient supervision ensured for safety and control over the maintenance of infrastructural facilities of national, regional and international significance; are the legal requirements in conformity with the nature, the specificity and sensitivity of the particular assets subjected to the occurring climatic changes.

The profound analysis of each of the issues is not an easy task, nor can the answer be fast and unambiguous. Society, enterprises from separate economic branches and sectors as economic agents and reporting entities, states would all benefit from a public debate being initiated, in which leading specialists, experts and consultants from all areas of science, technologies, law, jurisdiction and economy should take part, as well as representatives of national, European and world institutions with their respective powers and prerogatives. We cannot ignore the fact that potential and current investors, creditors and shareholders are increasingly focusing on the effect that the climate changes may have on the resources owned or held and controlled by an enterprise or a company and its financial position (this reasoning could be further developed to embrace the outdated production facilities in Bulgaria, both in the public and private sectors, and the crumbling infrastructure of the municipalities, which are in an unenviable financial state). The forecasts for expected climate impacts influence important investment and managerial decisions. Investors realize that the climate changes are assuming larger and larger economic dimensions. The problem embraces a wide range of aspects and it is clear that its detailed analysis cannot be included in the main part of the present research. In the debate on the future of "global financial reporting" our (my) aim is to underline that the relation between nature and economy is rather complex, multi-aspectual and unique due to the economic invisibility of nature and to other factors and impacts.

With the climate changes observed n progress, it is reasonable to be expected that the significance of non-financial information submitted through corporate reports or in another way, will considerably increase[16]. The explanation is that specific significant aspects of the interaction between the enterprises' activities and the natural and industrial environment are reflected and presented. This is a sensible way to use the enormous opportunities of accountancy as an informational system that can function not only to the benefit of good management and corporate governance, but also to the benefit of sustainable development; this in itself means an open and transparent policy towards the people concerned to be established and developed, pursued and implemented through even voluntary disclosure of substantial non-financial or non-economic effects of the economic activities. It is extremely necessary for the benefit of the trust of investors and creditors, institutions and society an enterprise to reveal the prospects of further development, to publicly announce the priorities and future strategies. It is also necessary and even obligatory for the enterprise from moral perspective to disclose the policy, the acts and responsibilities undertaken by the management and corporate governance to sustain and renew the environment, to ensure and guarantee safety and reliability in time with regard to the following matters: construction and introduction of an asset into service, exploiting, writing off and physical destruction (liquidation) of production facilities (e.g. nuclear facilities); disposing of waste or toxic materials and deactivating of not harmless waste products; carrying out archeological activities and rescuing artifacts and valuables in support of socially significant projects and others. *It is well-known that the impact of the enterprise's activity on the components of the environment and other essential effects of its activity are measured and presented through non-financial indicators. Investors, institutions, society and others are increasingly in need of adequately transparent and rich in content (but not excessively overburdened with details) relevant and appropriately structured non-financial information (usually the non-financial information is attached to the main reporting forms, constituting the financial statements, or is presented independently in separate reports or a single report, so that it is accessible to the people concerned and the general public). The usefulness of the non-financial information to users would grow if it is accompanied by essential (not simulative) disclosures concerning the nature and function of the applied non-financial measures, the methods of calculating the specific indicators*

[16] Non-financial information, as it is known, is provided to the interested parties and general public through statements or reports on activity of the enterprise attached to the financial statements (called management's explanatory notes on the activity of the enterprise) or through separate reports or a report disclosing important non-financial effects and aspects of the activity (e.g. the influence of the enterprise's activities and their impact on the environmental components, the methods of assessing such impacts, deviations from the admissible norms, the frequency and periods of measurements, the social policy and responsibilities of corporate governance etc.).

In my research I found that the voluntary provision of non-financial information alongside the presentation of the annual financial statements particularly of industrial enterprises is a good trend in Bulgaria. Many entities also present, outside the financial statements, reports and statements such as environmental reports and value added statements, in industries in which environmental factors are significant and when employees are regarded as an important user group. It should be underlined that reports and statements presented outside financial statements are outside the scope of IFRS.

Many entities also present, outside the financial statements, reports and statements such as environmental reports and value added statements in industries, in which environmental factors are significant and employees are regarded as an important user group.

characterizing a particular activity and others. All this would contribute to the improvement of the information links between the reporting entity and the stakeholders and would render communication more meaningful and constructive.

It is essential that the criteria related to the respective type of an activity be clear and comprehensive in content and scope and well substantiated depending on the nature and peculiarities of the branch, the activity and the production and their inherent non-financial effects.

Only transparent and truthful non-financial information, well organized and structured, can increase the usefulness and the significance of the interconnected financial information.

CONCLUSION

Reporting for the state of the economy and the processes in it has been a vital, socially necessary activity for centuries. Apart from the economic implications and fiscal effects, the reporting activity has also ecological, demographic, socio-ethical and moral dimensions. The use, the interpretation and analysis of the information, submitted by an enterprise as an entity reporting to the outside world, can also be a basis for assisting the functions of the management and managerial decisions when the information gives a true and fair reflection of not only the activity of the enterprise in all its essential aspects but also of its policy and strategy with all their comprising components – in the past and for the future, which suggests that only in the case when the information is relevant (at an enterprise level and significant for society at large) and optimally transparent to all stakeholders as to reveal the responsibility of the management and leadership to the present and future generations, the environment and nature (not only to the state and fiscal authorities).

LITEATURE

[1] 'A Revised EU International Cooperation and Development Results Framework in line with the Sustainable Development Goals of the 2030 Agenda for Sustainable Development and the New European Consensus on Development'.

[2] European Parliament / Legislative Observatory 2017/2715(RSP) 'High-level political forum on sustainable development'.

[3] The New European Consensus on Development 'Our World, Our Dignity, Our Future Joint Statement By The Council and The Representatives of the Governments of The Member States Meeting Within The Council, The European Parliament and The European Commission', Brussels, 7th June 2017, signed by Antonio Tajani, President of the European Parliament, Joseph Muscat, President of the Council of the European Union, Jean-Claude Juncker, President of the European Commission, Federica Mogherini, High Representative of the Union for Foreign Affairs and Security Policy / Vice-President of the Commission.

[4] Bangkok Conference on Climate Change - September 2018

Bonn Conference on Climate Change - May 2017

Marrakech Conference on Climate Change - November 2016

Bonn Conference on Climate Change - May 2016

Paris Conference on Climate Change - November 2015

Bonn Conference on Climate Change - October 2015

Bonn Conference on Climate Change - August 2015

Bonn Conference on Climate Change - June 2015

Geneva Conference on Climate Change - February 2015

Lima Conference on Climate Change - December 2014

Bonn Conference on Climate Change - October 2014

Bonn Conference on Climate Change - June 2014

Bonn Conference on Climate Change - March 2014

Warsaw Conference on Climate Change - November 2013

Bonn Climate Change Conference - June 2013

Bonn Climate Change Conference - April 2013

Doha Climate Change Conference - November 2012

Bangkok Climate Change Conference - August 2012

Bonn Climate Change Conference - May 2012

Durban Climate Change Conference - November 2011

Panama Climate Change Conference - October 2011

Bangkok Climate Change Conference - April 2011

Bonn Climate Change Conference - June 2011
Cancun Climate Change Conference - November 2010
Tianjin Climate change Conference - October 2010
Bonn Climate Change Conference - August 2010
Bonn Climate Change Conference - June 2010
Bonn Climate Change Conference - April 2010
Copenhagen Climate Change Conference - December 2009
Barcelona Climate Change Conference - November 2009
Bangkok Climate Change Conference - October 2009
Bonn Climate Change Conference - August 2009
Bonn Climate Change Conference - June 2009
Bonn Climate Change Conference - March 2009
Poznan Climate Change Conference - December 2008
Accra Climate Change Conference - August 2008
Bonn Climate Change Conference - June 2008
Bangkok Climate Change Conference - March 2008
Bali Climate Change Conference - December 2007
Vienna Climate Change Conference - August 2007
Bonn Climate Change Conference - May 2007
Nairobi Climate Change Conference - November 2006
Bonn Climate Change Conference - May 2006
Bonn Climate Change Conference - May 2005
Montreal Climate Change Conference - December 2005
Buenos Aires Climate Change Conference - December 2004
Bonn Climate Change Conference - June 2004
Milan Climate Change Conference - December 2003
Bonn Climate Change Conference - June 2003
New Delhi Climate Change Conference - October 2002
Bonn Climate Change Conference - June 2002
Marrakech Climate Change Conference - October 2001
Bonn Climate Change Conference - July 2001
The Hague Climate Conference - November 2000
Lyon Climate Change Conference - September 2000
Bonn Climate Change Conference - June 2000
Bonn Climate Change Conference - October 1999
Bonn Climate Change Conference - June 1999
Buenos Aires Climate Change Conference - November 1998
Bonn Climate Change Conference - June 1998
Kyoto Climate Change Conference - December 1997
Bonn Climate Change Conference - October 1997
Bonn Climate Change Conference - July 1997
Bonn Climate Change Conference - February 1997.

[5] United Nations FCCC/SBSTA/2018/L.16 Framework Convention on Climate Change 9th September 2018, Subsidiary Body for Scientific and Technological Advice Second part of the forty-eighth session Bangkok, 4–9 September 2018 Agenda items 4, 5, 9(b), 12(a–c) and 13 See document FCCC/SBSTA/2018/5 for the titles of the agenda items. Paris Agreement work programme Draft conclusions proposed by the Chair.

[6] The United Nations Framework Convention on Climate Change (UNFCCC), an international environmental treaty adopted on 9th May 1992 and opened for signature at the Earth Summit in Rio de Janeiro from 3rd to 14th June 1992.

[7] The Kyoto Protocol to the United Nations Framework Convention on Climate Change (UNFCCC), Kyoto Japan, 11th December 1997.

The Kyoto Protocol has had two commitment periods, the first of which lasted from 2008-2012. The second one runs from 2013-2020 and is based on the Doha Amendment to the Protocol, which has not entered into force.

The US has not ratified the Kyoto Protocol, while Canada denounced it in 2012. The Kyoto Protocol has been ratified by all the other Annex I Parties.

[8] The Paris Agreement, December 2015.

At the climate conference in Paris (COP21) in December 2015, 195 countries adopted the first-ever universal, legally binding global agreement on climate. The agreement sets out a global plan of action to put the world on track to avoid dangerous climate change by limiting global warming to well below 2°C. The Paris Agreement is a bridge between today's policies and climate-neutrality before the end of the century.

[9] United Nations (UN) Speech of Patricia Espinosa on Climate, 13th November 2018: 'Africa Needs Support to Protect Biodiversity and Climate'.

[10] ISO 26000 and the International Integrated Reporting (IR) Framework.

[11] Ignacio Ramonet, "The Challenges of Rio+20", Le Monde diplomatique, Bulgarian Edition, June 21st 2012, Sofia, Bulgaria

[12] Ignacio Ramonet, "The Climate – Urgent Case", Le Monde diplomatique in Duma, January 19th, 2012, Sofia

[13] Official Journal of the European Union. Communication from the Commission Guidelines on non-financial reporting (methodology for reporting non-financial information) (2017/C 215/01)

https://unfccc.int/documents

http://www.oecd.org/about/

http://unfccc.int/meetings/durban

https://www.unglobalcompact.org/

http://www.oecd.org/corporate/mne/

https://www.iso.org/iso-26000-social-responsibility.html

https://unfccc.int/news/espinosa-africa-needs-support-to-protect-biodiversity-and-climate

https://ec.europa.eu/commission/news/president-juncker-g20-summit-buenos-aires-2018-dec-01_en

https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52.017SC0365

https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014L0095

https://www.unenvironment.org/explore-topics/sustainable-development-goals/why-do-sustainable-development-goals-matter/goal-13

https://www.unenvironment.org/explore-topics/sustainable-development-goals/why-do-sustainable-development-goals-matter

https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52017XC0705(01)

https://oeil.secure.europarl.europa.eu/oeil/popups/printfichetechnical.pdf?id=1159185&lang=en

https://www.accountancyeurope.eu/good-governance-sustainability/retaining-trust-in-corporate-governance/

https://www.accountancyeurope.eu/publications/federation-issues-model-disclosures-non-financial-diversity-information-directive/

https://www.accountancyeurope.eu/publications/responding-to-assurance-needs-on-non-financial-information/

https://www.accountancyeurope.eu/publications/respond-assurance-needs-non-financial-information/

https://www.accountancyeurope.eu/publications/federation-issues-model-disclosures-non-financial-diversity-information-directive/